

FISCAL NOTE

SB 366 - HB 1169

March 26, 2001

SUMMARY OF BILL: Amends the law on certificate of need (CON) by extending the current limitation of 125 nursing home beds until June 30, 2003. Also allows that if the current limit of 125 new skilled level Medicare beds annually are not utilized by June 30 of each year the remaining beds will be available to applicants the following fiscal year if they apply prior to June 30. Adds *swing beds* (hospital acute care beds sometimes used for lesser skilled services) to the CON limitation.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$312,000

Other Fiscal Impact - Increase Federal Expenditures - \$554,800

Estimate assumes:

- Fifteen percent of the new beds allowed in the total of 125 will be Medicaid funded and the remainder will be Medicare. Since the 125 beds will be at the higher cost skilled level most will be utilized for Medicare patients.
- The average cost of a skilled level Medicaid bed is approximately \$125 per day (\$45,625 annually). Most Medicaid patients occupy lower cost intermediate care beds.
- There is no longer a global budget cap on Medicaid nursing home reimbursement, therefore any increase in the number of beds that are utilized for Medicaid would result in an increase in state expenditures.

Note:

In the absence of legislation imposing a cap on new nursing home beds the increase in state expenditures for an intermediate care nursing home bed would be approximately \$10,250 for each additional bed with an increase in federal expenditures of approximately \$18,220 for each additional Medicaid bed.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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